

Message Text

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43/13

ORIGIN ARA-20

INFO OCT-01 AF-10 EUR-25 EA-11 ISO-00 L-03 INT-08 AID-20

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01

OMB-01 DODE-00 PM-07 H-03 NSC-07 PA-04 PRS-01 SS-20

USIA-15 /211 R

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R 122232Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY THE HAGUE

AMCONSUL PARAMARIBO

INFO AMEMBASSY CANBERRA

AMEMBASSY CONAKRY

AMEMBASSY KINGSTON

AMCONSUL CURACAO

AMCONSUL MARTINIQUE

AMEMBASSY OTTAWA

C O N F I D E N T I A L STATE 075447

C O R R E C T E D C O P Y (PARA 2, LINES 9 AND 12, PARA 3,
1ST LINE OMITTED)

E.O. 11652: GDS

TAGS: PFOR, NL, NS

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SUBJECT: US ACCESS TO SURINAM BAUXITE

REF: THE HAGUE, 1136; STATE 51481; PARAMARIBO 101; PARAMARIBO 72

1. DEPARTMENT APPRECIATES EMBASSY'S CONCERN ABOUT POSSIBLE THREAT TO US BAUXITE INDUSTRY IN SURINAM. PRE-IG REVIEWED SURINAM CASP ON MARCH 14. THE IG MEETING HAS BEEN POSTPONED UNTIL MAY 21. THE ISSUE OF CONTINUED US ACCESS TO SURINAM BAUXITE AS THE PRINCIPAL US INTEREST IN SURINAM WAS THE FOCUS OF CASP DELIBERATIONS. DEPARTMENTAL POLICY OF NON-INVOLVEMENT IN SURINAM HAS ALSO BEEN REVIEWED IN LIGHT OF GOS ANNOUNCEMENT OF FEBRUARY 15 THAT IT INTENDS TO OBTAIN INDEPENDENCE BY THE END OF 1975.

2. ON BASIS OF CONGEN ASSESSMENT OF GOS RULING COALITION AND LOCAL ENVIRONMENT, IT DOES NOT APPEAR THAT ACCESSION TO POWER OF NPK COALITION IS NECESSARILY AN ALARMING DEVELOPMENT, BUT IT IS ONE WHICH WE WILL BE OBLIGED TO WATCH CLOSELY AS COALITION PLANS AND POLICIES EVOLVE. THE COALITION DOES INCLUDE A VOCAL MINORITY WHICH ADVOCATES SOME UNSPECIFIED FORM OF GOS PARTICIPATION IN THE BAUXITE INDUSTRY AND THESE ELEMENTS COULD BE INFLUENCED BY GUYANESE AND OTHER EXAMPLES OF PARTICIPATION AND NATIONALIZATION. CREATION OF THE INTERNATIONAL BAUXITE ASSOCIATION (IBA) AT CONAKRY AND SELECTION OF A SURINAMER AS ITS FIRST SEC GEN

COULD ALSO CONDITION GOS POLICY-MAKING AS IT RELATES TO BAUXITE. THESE DEVELOPMENTS DO NOT NECESSARILY REPRESENT A DIRECT OR IMMEDIATE THREAT TO US INVESTMENT IN SURINAM AT THIS TIME, HOWEVER.

3. THE FULL IMPACT OF IBA, STILL IN ITS INFANCY, REMAINS TO BE SEEN (SEE INR RESEARCH STUDY RECS-10, MARCH 13, 1974, BEING POUCHED). LIKE MANY OTHER BAUXITE PRODUCERS, SURINAM WILL CONTINUE TO DEPEND HEAVILY ON INCREASING REVENUE FLOWS FROM THIS RESOURCE TO MEET DEMANDS FOR ACCELERATED ECONOMIC DEVELOPMENT AND SOCIAL SERVICES. THERE ALSO APPEARS TO BE A GENUINE DESIRE WITHIN THE GOS TO CONTINUE EFFORTS TO ATTRACT FURTHER FOREIGN INVESTMENT. SURINAM LOOKS TO THE UNITED STATES AS THE PRINCIPAL CUSTOMER FOR ITS BAUXITE, AND WOULD CONTINUE TO

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DO SO WHATEVER OWNERSHIP ARRANGEMENTS ARE ARRIVED AT.

4. ON BALANCE WE BELIEVE THERE IS AN INTEREST ON THE PART OF THE SURINAM LEADERSHIP TO AVOID CONFRONTATION WITH THE UNITED STATES, TO AVOID RISKING THE LOSS OF MARKETS AND OF AN ASSURED REVENUE FLOW, AND ALSO TO AVOID THE WELL-KNOWN PROBLEMS GUYANA HAS HAD WITH ITS OWN NATIONALIZATION. GIVEN THE OBLIGATION TO PAY COMPENSATION IN THE EVENT OF

NATIONALIZATION, WE WONDER WHETHER THE LEADERSHIP WOULD WANT TO INCUR THAT COST AT THIS TIME. ALL THE ABOVE DOES NOT RULE OUT A DEMAND FOR MINORITY PARTICIPATION REASONABLY SOON AFTER INDEPENDENCE WHICH MIGHT, OVER TIME, EVOLVE INTO MAJORITY OWNERSHIP BY THE SURINAM GOVERNMENT. IT DOES TEND TO DISCOUNT THE PROBABILITY OF THE KIND OF PEREMPTORY DEMANDS MADE BY GUYANA ON ITS FOREIGN COMPANIES. IF DEMANDS FOR PARTICIPATION WERE MADE OR NATIONALIZATION WERE DECREED, THE USG WOULD WANT TO TAKE APPROPRIATE STEPS TO SEE THAT US BUSINESS INTERESTS WERE TREATED IN ACCORD WITH INTERNATIONAL LAW, INCLUDING REQUIREMENT OF PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION.

5. IN VIEW OF THE FOREGOING, THE DEPARTMENT BELIEVES THAT THE PRESENT POLICY OF NON-INVOLVEMENT IN SURINAM REMAINS REALISTIC AND APPROPRIATE. THE USG SHOULD CONTINUE TO AVOID ANY STATEMENT OR ACTIVITY WHICH MIGHT ENCOURAGE THE GON OR THE GOS TO BELIEVE THAT THE USG HAS THE INTENTION OF REPLACING GON IN TERMS OF ASSISTANCE OR INFLUENCE IN SURINAM. FYI. WORLD-WIDE COMMITMENTS OF US ASSISTANCE PROGRAM AND CONSTRAINTS PLACED ON FUNDING RULE OUT MEANINGFUL KIND OF AID PROGRAM FOR SURINAM IMPLICIT IN SEVERAL PROPOSALS RAISED IN THE HAGUE 809. END FYI.

6. DEPARTMENT EXPECTS THAT PARAMARIBO, EMBASSY THE HAGUE

AND OTHER ADDRESSEES WILL REMAIN ALERT TO AND REPORT ANY SIGNIFICANT CHANGE IN POLICIES AND/OR ATTITUDES WHICH WOULD DICTATE A REVISION OF FOREGOING ESTIMATE. KISSINER

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